



California Public Employees' Retirement System  
Health Policy Research Division  
P.O. Box 720724  
Sacramento, CA 94229-0724  
TTY: (916) 795-3240  
(888) 225-7377 phone • (916) 795-4105 fax  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

---

## Agenda Item 4b

May 17, 2011

### TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. **SUBJECT:** Health Benefits Purchasing Review Project
- II. **PROGRAM:** Health Policy and Planning
- III. **RECOMMENDATION:** Information Only
- IV. **ANALYSIS:**

#### Project Purpose

In March 2011, Health Policy and Planning launched the Health Benefits Purchasing Review project. This project aims to evaluate current benefit design and purchasing strategies in light of the marketplace and program guiding principles in order to ensure that the CalPERS Health Benefits Program meets the future needs of members and employers.

#### Scope of Effort

The project includes a Steering Committee, an Advisory Committee, external advisors, a project management team, and a core CalPERS team of cross-organizational subject matter experts. The scope of this effort includes conducting a market scan of CalPERS and California cost-drivers, leading strategies, and health care reform impacts; evaluation of alternative approaches; stakeholder engagement in developing and testing strategies; and, a presentation of outcomes to the Health Benefits Committee (HBC) by January 2012 (see attachment).

#### Accomplishments to Date

Accomplishments since March include:

- Approval of a project charter and detailed work plan;
- Project team kickoff;
- Procurement of services for CalPERS data analytics and public sector market analyses;
- Meeting with health plans to solicit their engagement;
- First Steering Committee meeting;
- Identification of Advisory Committee members with representation from members, employers, and health plans;

- Initiation of analysis of federal regulations relating to the Shared Savings Program for Accountable Care Organizations (ACOs) and other ACO-like models; and,
- Updating the Affordable Care Act provision matrix to identify the provisions CalPERS needs to actively manage over the next five years.

#### Planned Activities

The CalPERS project team continues to perform environmental scan activities through June. This will include the launch of surveys to members and employers, as well as documentation of leading practices in the private and public sector. We will continue to provide informational updates to the HBC with the next update scheduled for the August HBC meeting.

#### **V. STRATEGIC PLAN:**

This directly relates to Goals X, XI, and XII of the Strategic Plan which state:

- “Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.”
- “Promote the ability of members and employers to make informed decisions resulting in improved lifestyle choices and health outcomes.”
- “Engage and influence the healthcare marketplace to provide medical care that optimizes quality, access, and cost.”

#### **VI. RESULTS/COSTS:**

This is an information only item.

---

DOUGLAS McKEEVER, Chief  
Health Policy Research Division

---

KATHLEEN BILLINGSLEY  
Assistant Executive Officer  
Health Policy and Planning

Attachment